

News from Ed Markey

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OPEC Accounting Gimmicks Leave Gas Prices Artificially High

WASHINGTON, D.C. – Representative Edward J. Markey (D-MA), a senior Democratic Member of the House Energy and Commerce Committee, today issued the following statement in response to press reports that crude oil prices rose to \$40 a barrel on Friday:

“Just five weeks ago, OPEC voted to decrease production by 1 million barrels per day. Now, with oil prices shooting up to \$40 per barrel and consumers facing the prospect of \$3 per gallon gasoline this summer, the Saudis say they’re willing to reverse course and increase OPEC production by 1.5 million barrels per day.

“The Saudi announcement is inadequate and fails to meet global demand for reasonably priced oil. We know from press reports that OPEC members are already exceeding the existing production quotas by about 2 million barrels per day. If all that comes out of OPEC is accounting gimmickry that shifts some of the current ‘cheating’ into the official OPEC production quotas then nothing will have been done to help consumers at the pumps. OPEC should immediately initiate a bona fide production increase, not hide behind a false, paper increase that could have been engineered by Arthur Andersen accountants.

“That is why, in the short run, the Bush Administration needs to press OPEC to increase total production by at least 4 million barrels a day – 2 million over the current “official” quota plus the 2 million in daily production in excess of the quota. Such an increase would help reduce oil prices at the gas pump and cut the costs that consumers and businesses have to pay for this essential commodity.

“In the long run, this country desperately needs an energy policy that maximizes conservation and the alternative energy potential of America’s extraordinary technological prowess. This Administration is not serious about fuel efficiency, and that is a glaring failure of leadership,” Rep. Markey said.